

**CITY OF SHOREVIEW
MINUTES
CITY COUNCIL WORKSHOP MEETING
December 12, 2016**

CALL TO ORDER

Mayor Martin called the workshop meeting of the Shoreview City Council to order at 7:00 p.m. on December 12, 2016.

ROLL CALL

The following attended the meeting:

City Council: Mayor Martin; Councilmembers Johnson, Quigley, Springhorn and Wickstrom

Staff: Terry Schwerm, City Manager
Rebecca Olson, Assistant to City Manager

State Legislative Delegation: Senator Jason Isaacson, Senate District 42
Representative Randy Jessup, House District 42A
Representative Jamie Becker-Finn, House District 42B

DISCUSSION WITH STATE LEGISLATIVE DELEGATES

The Council met with the local state legislation delegates to discuss legislative priorities of the City in the upcoming session.

Mayor Martin noted the Municipal Legislative Commission (MLC) Regional Breakfast for the east metro on Friday, February 10, 2017, from 8:00 to 9:30 a.m. at the League of Minnesota Cities building in St. Paul. The MLC is composed of many second tier suburban communities who share many similar characteristics. Most of the cities do not receive Local Government Aid (LGA), which is the case for Shoreview. She urged legislative delegates to attend this meeting as it would be very informative for them.

City Manager Schwerm presented an overview of City priorities. Shoreview is a member of the Municipal Legislative Commission (MLC), as well as the Minnesota League of Cities and Metro Cities. All of these organizations lobby the legislature on behalf of city issues. He noted that Councilmember Wickstrom has served on the Metro Cities Board for a number of years.

One major focus of the MLC is tax relief. The MLC supports tax relief through the circuit breaker program, rather than through an increase to Local Government Aid (LGA). This is sometimes a difficult issue because outstate cities are generally supportive of increased LGA because their tax base is not as large as metro cities. The circuit breaker tax relief program is based on income and is provided directly to property owners who qualify for property tax relief

based on their income. The circuit breaker program provides tax relief that is equitable to everyone throughout the state. The Voss Database measures the percentage of income being used to pay property taxes. The database shows that metro area property owners pay a higher percentage of their income (2.9%) in property taxes while outstate taxpayers pay a lower percentage of their income in property taxes (2.2%). That is why the MLC supports property tax relief through the circuit breaker program.

A second key area of focus is investment and funding of transportation, both in roads and bridges and in transit. Shoreview does not have access to a lot of transit opportunities. In a recent meeting with Metro Transit, further extension to the A line (Snelling Avenue corridor) from Rosedale to the north was discussed. This will only be possible if transit ridership can be increased and funding can be identified.

Mayor Martin noted that Ally Financial is now located in Shoreview on Lexington and County Road F within the Shoreview Corporate Center. This location is their central headquarters with several hundred employees and they have plans to hire 200 more. Other major employers in the area include Boston Scientific and Land O'Lakes. There currently is an empty building in the Corporate Center that will potentially be demolished for the property to be redeveloped into two 5-story market rate apartment buildings with a total of 400 units. The development will occur in two phases. If transit were available in this area, it would be a great benefit.

Representative Jamie Becker-Finn asked if the A line proposal would then jog over to Lexington. Mr. Schwerm answered that is what is preferred by Metro Transit.

Mr. Schwerm stated that another priority is to restore the cuts to the Job Creation Fund and the Minnesota Investment Fund. These funds help economic growth in the state. The cuts impacted suburban communities. Approximately 26% of the Job Creation Fund was used in MLC cities and 22% of Minnesota Investment Fund are used in MLC cities.

MLC is also strongly opposed to fiscal limitations on cities, such as levy limits or reverse referenda. Councilmember Wickstrom noted that approximately half of Shoreview's property tax increases in the past several years have been for public safety.

Mayor Martin urged legislators to take a copy of the City's benchmark budget document that compares Shoreview's property taxes to other cities. Shoreview takes pride in long-range financial planning and has been able to keep tax levies to smaller incremental increases on an annual basis. In comparison to other cities of similar size, Shoreview is 5th lowest in City taxes. However, once County and school taxes are added in, property taxes are slightly above the average.

Mr. Schwerm stated that Shoreview is strongly in support of a Ramsey County initiative to replace the Rice Street Bridge, which has been promised for a number of years. Little Canada, Vadnais Heights, Shoreview, and Ramsey County have invested in pre-design work to make sure the project is shovel ready when funding is made available.

Mayor Martin added that the bridge project is not just about replacing an old bridge but will positively impact economic development along that corridor. There is pending development interest on all four quadrants of the bridge site. Delaying this project is holding up development.

Senator Isaacson asked about the design with four roundabouts. Mr. Schwerm explained that several designs are currently being considered. One is with three roundabouts that would be less expensive and would handle traffic well. Long-term traffic projections show that by 2040, some designs would mean a traffic functioning at the level of what is in place today and roundabouts do move traffic more efficiently. He noted that there will be a significant cost to acquire right-of-way for this project.

Senator Isaacson stated that the Governor is supportive of this project being incorporated into the state bonding bill. There are problems with the bonding bill and with revenue forecast. The tax bill that was passed will mean a structural deficit in the budget within 4 years. That issue is being addressed, and he is not sure how that might impact the bonding bill. He believes ultimately the bonding bill will pass and be signed by the Governor.

Representative Becker-Finn stated that if, for some reason, the Rice Street Bridge is not passed, that will be a priority of hers.

Senator Isaacson stated he plans to focus on jobs, education, and transportation. With Republicans having a wide majority in the House and a 1-seat majority in the Senate, he anticipates many vetoes. If MNsure health care fix can be resolved, a bonding bill passed, and a tax bill passed that does not lead to structural deficit, then the chances of a successful legislative session increases dramatically. He also believes that the State needs to develop a long term financing plan for transportation and transit needs, but there is not agreement between the legislators on the best method to do this. He will serve on the Higher Education Committee. The chair of that committee is not talking about taking care of student loans or better quality education but is focusing on stem cell research. He is hoping for new alliances that will help. There are some very good people in the Senate, and he is hopeful those people can move their caucus toward bipartisan work. However, the expanded majority of republicans in the House may mean less motivation to compromise.

Representative Becker-Finn stated that committee assignments are not yet known. Her interest is in early education. She plans to focus on relationship building and thinking in the long term. The class for new legislators has been helpful for people to get to know one another.

Representative Jessup stated that he anticipates regular dialogue with Representative Becker-Finn and Senator Isaacson. He hopes to work in the middle of the road and not necessarily line up with the Republican side. As a new legislator, he plans to do a lot of listening. No one wants to see a government shut-down, and he wants to see some positive things accomplished. Things the Governor wants to accomplish will have to be done in this session. He would like to see both sides end the session knowing that some good things were accomplished.

Senator Isaacson stated that there is a growing consensus that there are three types of representation in the state: urban, rural and suburban. Suburban representatives are the majority

of Republican caucuses. A vote for suburban economic well-being could bring more bipartisan effort and could be a powerful voice that would build a bridge between the divide of Republicans and Democrats.

Councilmember Wickstrom noted that rural areas believe that because the metro cities receive more money, their rural tax money is going to cities. However, it is actually the opposite. The metro area is paying much more in taxes.

Councilmember Springhorn stated that he will be contacting legislators to discuss mental health issues.

Mayor Martin urged legislative delegates to keep communication open with City officials during the session. She thanked delegates for coming and wished them a happy holiday.

DISCUSSION REGARDING COMMUNITY CENTER EXPANSION PLAN AND SHOREVIEW COMMONS MASTER PLAN

City Manager Schwerm noted that the plans supported by the Council in October have been reviewed and are also supported by the Parks and Recreation Commission. The total cost for the Community Center expansion, including an expansion to the gym area and indoor/outdoor pool area, is approximately \$11 million. Cost of the Commons Master Plan for components reviewed in the central area from the pavilion to the destination playground, would be approximately \$4 million to \$5 million. The CIP currently has a placeholder for \$8 million for a Community Center expansion and Commons Master Plan improvements. Approximately \$4 million of that \$8 million was funded in cash from the Community Investment Fund and two one-time contributions of \$200,000 each from the Recreations Program Fund and Community Center Fund. Then a \$4 million bond issue would be paid for from the Community Investment Fund. The Community Investment Fund is funded from revenue from the utility franchise fee and the cell tower and billboard leases.

Staff believes is important to do the Community Center expansion and Commons Master Plan improvements at the same time. One reason is that the Mounds View School District student enrollment is growing. The sooner these amenities are available, the better opportunity for the City to continue to attract the family market. All of the improvements are consistent with City Council goals of enhancing park and recreation facilities and making the community attractive to young families. Further, when an expansion is undertaken, there is disruption to the facility and grounds. It would be preferable to shorten the length of time that the area is under construction.

Councilmember Springhorn asked if the Tropics Water Park can remain open during construction. Mr. Schwerm stated that the water park and fitness center will need to be open during the construction since they are the two areas that generate the most operating revenue for the Community Center. The timing of construction and any planned disruption of certain areas within the building will be very important to discuss during the design and bidding process.

He reported that City Finance Director Fred Espe has discussed the best way to finance the entire project with the City's financial advisor, Terry Heaton at Springsted. Financing for the

Community Center expansion is proposed through an \$11 million abatement bond. The cash in the Community Investment Fund, \$4 million, would then be used for the Commons Master Plan improvements. He is confident the \$11 million estimate for the expansion is fairly accurate because the plans have been reviewed by a construction contractor.

The bond issue for \$11 million would be spread over 20 years. The debt service for that bond issue would be approximately \$780,000 per year. Various funding sources will be used for the annual bond payment including: Community Investment Fund, \$275,000; General Fixed Asset Revolving Fund, \$200,000; and a \$305,000 debt service levy. The \$305,000 debt service levy would require a City property tax increase of about 3% above the current projected cost of living adjustments in the levy of approximately 3%-4%. If the debt levy increase is spread over two years, it would result in a projected total tax levy increase of between 4%-5% for both 2018 and 2019. Once the debt levy is incorporated into the budget, this amount becomes a part of the base levy. Schwerm did note that the projected levy in 2018 was higher in part because of the addition of the Park and Recreation Director position into the budget.

Councilmembers Quigley and Johnson expressed concern about not having a Park and Recreation Director with a bigger facility and what the experience will be for users without someone overseeing the entire operation. The position has been delayed for a number of years, and now the City is undertaking a massive new project, which will require more oversight. Schwerm indicated that he believes that the position will be needed at some point, but that the current staff has done a great job of handling the operations of the Department and are not seeing an immediate need for a director level position. He noted that it will be necessary to hire some type of construction manager to oversee the construction of the building project.

Mayor Martin stated that her concern is that if, for some reason, a new City Manager had to be hired, the City would not be able to hire a new City Manager who would also serve as the Park and Recreation Director. Mr. Schwerm responded that part of that position is funded in 2018, which makes the projected tax levy increase in 2018 at more than 5%.

Mr. Schwerm explained that the proposed funding for the Community Center and Master Plan for the Commons uses all of the available bonding capacity in the Community Investment Fund and reduces available revenue in the fund for park and trail improvements to approximately \$500,000 per year from the current \$800,000 a year. The financing proposal is consistent with City's adopted policy to not use more than half of the Community Investment Fund revenue for debt. This is a sound policy that prevents use of the entire fund, which could impact future planned park and trail improvements. The proposed financing plan for both the Community Center expansion and Master Plan improvements is consistent with this policy. Although there is an additional general debt levy required for the project, it is recommended that it be spread over two years to reduce the overall impact to the tax levy. The goal of the financial plan presented is to be able to do all of the Community Center improvements and a major portion of the Commons improvements all at one time.

Mayor Martin expressed her support and believes the plan presented is doable.

Councilmember Quigley requested a type of graphic or dashboard that would show how all the parts of this project interact and the impacts and the timing. He agrees that the project cannot be piecemeal, and with good financing in place, he is supportive.

Mayor Martin noted that there will be increased competition, as other cities consider building community centers. The City needs to continue to keep the Community Center fresh and exciting. These proposed plans are exciting.

Councilmember Johnson suggested using social media to communicate and inform the public about the planned project. Social media could be used as an advocate for the project.

Councilmember Wickstrom agreed that social media can be used for this, but many people do not communicate in that way. It is the people at the extremes who use this form of communication. Ms. Olson added that if social media is used for input, then the question is whether the Council is going to act on that feedback and change the plans. It is important to have a communication plan on what will be done with the input before deciding on what to ask or say about the project.

Mayor Martin stated that these improvements should be considered an essential business expansion that has been analyzed by the Council, staff and Park and Recreation Commission. She would communicate it in terms of future changes at the Community Center and the exciting things that are going to happen. Renderings and pictures can be posted around the building.

It was the consensus of the Council to move forward with hiring an architect to plan for construction in 2017/2018 and support the finance plan as presented.

OTHERE ISSUES

It was the consensus of the Council to extend the application deadline for the Planning Commission from December 15th to December 31, 2016.

The meeting adjourned.